

Session 3: Methodology in the conduct of a feasibility study for Cross-border Paperless Trade and Green Customs Control Measures

Regional Workshop on Cross-border Digital Trade for
CAREC Countries

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Conducting a National Feasibility Study on Cross-Border Electronic Exchange of Trade-Related Data



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Outline

Section A:
Overview of
the
Methodology

Section B:
Assessment of
specific data or
document(s) used
for cross-border
electronic
exchange

Section C
Questionnaire
for the National
Trade
Facilitation
Council (NTFC)

Section D
Areas need to be
harmonized/
improved in relation
to the exchange of
specific cross-
border documents

Section E
Quantitative and
qualitative set of
questions on the costs
and benefits of
improving /harmonizing
the systems/processes

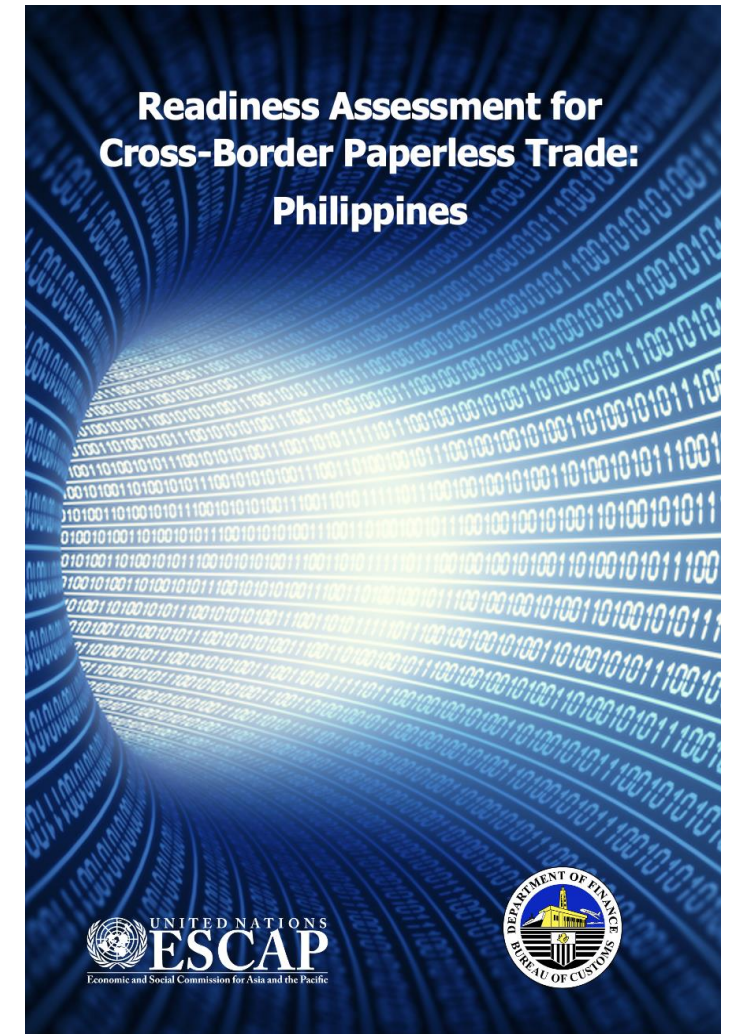
CBPT Feasibility Framework

- What specific data/documents should be used for cross-border electronic exchange with partner countries?
- Which partner countries should be prioritized for this electronic exchange of trade data/documents?
- To carry out this electronic exchange of the identified data/document, with the identified partner country, what systems and processes need to be improved/harmonized?
- What are the costs and benefits of doing this electronic exchange, and of improving/harmonizing the systems/processes necessary?

Preparatory Work

Preparatory work in the Conduct of the Readiness Assessment for Cross-Border Paperless Trade

- ✓ Leverage the use of existing electronic exchange such as ATIGA–Form D/Certificate of Origin (CO), and the ASEAN Customs Declaration Document (ACDD)
- ✓ Creation of the National Trade Facilitation Committee (NTFC)
- ✓ Strengthening of the National Single Window (NSW) Task Force to support the implementation of the NSW
- ✓ Improvement of ICT Infrastructure and Security
- ✓ Domestic measures to facilitate cross-border paperless trade and expedited clearance of pandemic vaccines



1. Serves as a foundation for elaborating more detailed activities at the national and agency levels in electronic exchange of documents, with identifiable timelines and potential key agencies through a customizable approach (*no one-size-fits-all solution*).

2. Supports the continuous development and enhancement of trade-related electronic systems and other trade IT projects

3. Promotes interoperability, wherein trade-related data exchanged in commercial documents may be reused for submission and ensure high data quality with respect to its origin, integrity, accuracy, completeness, and other characteristics

4. Enhance trade facilitation and efficiency through streamlined and digitalized trade. It also supports the reduction of disruptions in the supply chain associated with pandemic occurrence

5. Open opportunities for the electronic exchange of cross-border documents outside ASEAN

Benefits of Conducting the Readiness Assessment

Challenges and Support

1. Technical challenges and issues on data harmonization encountered by the customs authority in realizing the goal of the Single Window.

Recommended Support: Harmonization of technical and legal standards that apply to electronic trade data and documents, and the use of available and updated international standards such as UNEDIFACT and WCO, and regional standards such as the ASEAN Harmonized Tariff Nomenclature.

2. Lack of report metrics and monitoring of key progress with respect to the eGovernment Master Plan which aims to enable trends of the National ICT Ecosystem Framework (NICTEF), including Internet of Things (IoT), Artificial Intelligence (AI), and Big Data, among others.

Recommended Support: Development of technical solutions and frameworks for trade digitalization such as master data, system routing platforms and digital solutions

Challenges and Support

3. Lack of in-depth understanding on the Single Window concept among government agencies.

Recommended Support: Build awareness and capacity on (cross-border) paperless trade, among government agencies and private sector stakeholders by providing inclusive access to knowledge and capacity building opportunities on the Single Window and other areas of support.

4. Lack of regional agreement/legal basis for exchange of electronic documents.

Recommended Support: Assist in the development of bilateral or multilateral agreements that would allow exchange of electronic document among countries in the region.



Section A: Overview of the Methodology

Mapping the different stages of the cargo clearance process, for each major trade actor involved.

The feasibility study is centered on a mapping exercise aimed at understanding the degree of digitalization at each stage of the end-to-end cargo clearance process for each major trade actor involved.

- **Prior to Customs Formalization**
 - Pre-departure / Pre-arrival
 - BRA procedures
- **Transportation (Movement of Goods to Port)**
 - Transport/Logistics processes
 - Loading / Unloading
 - International Transport
- **Customs procedures (Goods Clearance and Payment)**
 - Submit Customs Declaration
 - Selectivity
 - Assessment
 - Banking and Insurance procedures
 - Customs Release
- **Logistics Operators**
 - Receipt of the Customs release
 - Billing of arrastre and terminal handling fees and payment
 - Release of goods from the Customs Port District
 - Delivery to Importer's Premises
- **Closure processes**
 - Data Warehousing System
 - Electronic Notification

CBPT Feasibility Framework

The primary method of obtaining the necessary data is through conducting a survey of the below trade actors involved in the end-to-end cargo clearance process:

- Border Regulatory Agencies (BRA)
- Customs Authority
- National Trade Facilitation Council (NTFC)
– Governance and Technical
- Trader Exporter/Importer/Customs Broker/Agent*
- Freight forwarder/Transport Operator/Carrier/Seaport/Airport Authority*

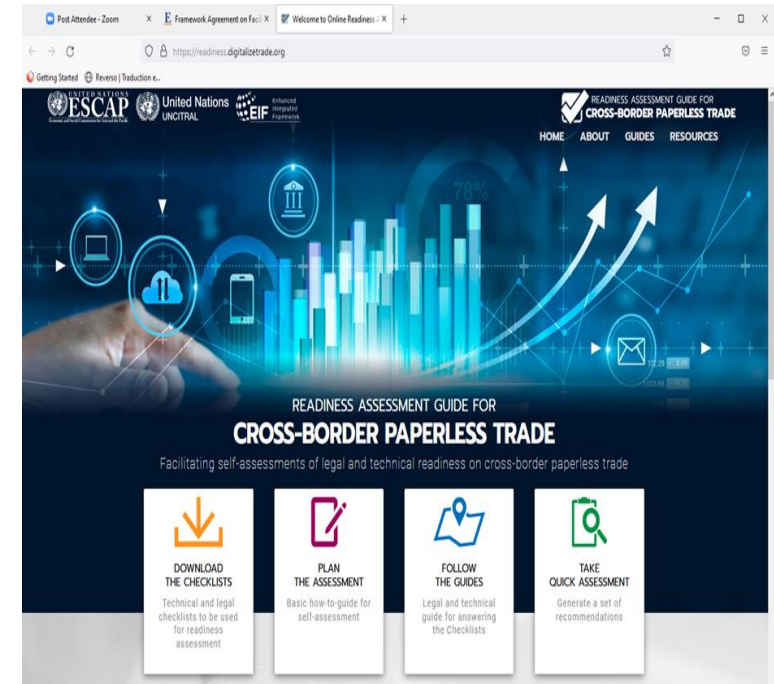


**Note: Questionnaires were provided to ESCAP for both Trade and Port Community Actors*

Five Targeted Entities

A survey for five targeted entities or its equivalent body to obtain the information needed for mapping the degree of cargo clearance digitization

- At least fifteen (15) **Border Regulatory Agencies** respondents that have a high volume of transactions in the issuance of permits, licenses, and certificates
- Get a range of views from the trading community, target at least five respondents from the **Trading Community (Exporter, Importer and Customs Broker/Agent)**
- For the rest of the **involved actors and entities (Customs and Logistics)**, at least one survey would suffice
- Additional questions are provided to the **National Trade Facilitation Committee (NTFC)** (Customs, Commerce and Agriculture) in preparation for the pilot project



Customs is the key decision maker

Processes may differ from country to country, and some processes may take place considerably before the actual exportation of goods (e.g. the granting of licenses for warehouses or processing zones) and without connection to individual exports or the declarant

Leverage on the use of modern technology

In other cases, processes with Customs and/or BRAs need to be carried out for the importer/exporter of the goods as a precondition for the individual border crossing transaction

Cargo clearance is not static but multi-dimensional

The ultimate beneficiary is the trader, specifically the MSMEs

Section B: Assessment of Specific Document

- This mapping activity is aimed at finding out the degree of digitalization of the processes that major trade actors are involved in an end-to-end cargo clearance and raising awareness of specific cross-border procedures that relate to cross-border exchange.
- At the national level, the user must be able to distinguish this activity from the CBPT readiness assessment, including its legal and technical readiness checklists.
- Presented in the form of a questionnaire on technical and essential legal areas, including best practices in implementing paperless trade systems in both cross-border and national level inter-agency exchanges. Each questionnaire is structured into two different sections: Export Regime and Import Regime.

Survey Matrix

1. No. – sequential order of questions with a naming convention of “A9”
 - A – the customs regime
 - 9 – sequential order
2. Questions
3. Y/N – yes or no
4. S – self-assessment score from 1 – 5
 - 5 – means fully digitized
 - 4 – means that majority of the processes are already digitized, except for a few manual processes
 - 3 – means some of the key processes are already digitized but need more support in covering digitizing other key manual processes
 - 2 – means manual processes are prevalent except for a few digitized procedures
 - 1 – all manual processes
5. Elaboration of status
6. On-going improvement and possible suggestions in digitizing the processes

One-Time Registration					
No.	Questions	Y/N	S	Elaboration on Status	On-going Process Improvement
T11	Does your automated application have the ability to connect / process a one - time registration of your company with Customs Authority and BRAs system that will allow electronic submission of cargo clearance requisites?				
T12	Does your automated application have the ability to connect / process a one - time registration of your company with any Single Window enabling platform or similar system that will allow electronic submission of cargo clearance requisites?				
T13	Does your organization have the ability to receive a unique reference number (registration process) from Customs, BRAs, or Single Window platform that you can use as part of your master data management?				

Section C: Target Partner Countries

- It is important to ensure that the bilateral arrangement in identifying partner countries for cross-border exchange is based on a foundation of common interests whereby two countries are encouraged to determine their technical and legal readiness for cross-border exchange and develop partnerships for continuous improvements of its digitized processes.
- Additional questions are provided to support the readiness of identified trading partner for cross-border paperless trade.

Section C: Target Partner Countries

Identify Partner Country: [Indicate Partner Country 1], [Indicate Partner Country 2]		
No.	Questions	Elaboration on Status
N61	In your opinion, does the identified partner country have the capability to promote the cross-border paperless program to maximize the value of partnership?	
N62	In your opinion, does the identified partner country agree to coordinate between each other on the regular review and improvement of the bilateral arrangement on cross-border paperless trade to maximize efficiencies and standardization of the processes?	
N63	In your opinion, does the identified trading partner a signatory to the SAFE Framework of Standards? The intent is to foster Customs-to-Customs partnership, maximize reciprocal benefits and foster a healthy negotiating agreement on cross-border paperless trade?	

**Expected Action / Output: All completed questionnaires would be collated and analyzed by the user to determine the trading partner that would be prioritized. Further, the consultant can do desk research and conduct validation sessions with targeted respondents in relation to the technical and legal readiness of trading partners for cross-border paperless trade.*

Section D: Systems and Processes Need to be Improved

This section is about “Section B questions” highlighted in gray – average scores of at least 3.0 and below 5.0 indicate areas where systems and processes need to be harmonized/improved in relation to the exchange of specific cross-border documents

The completed UNESCAP readiness assessment results could be consulted in identifying the tasks that would improve cross-border paperless trade, specifically in essential legal areas and underlying technical requisites for interoperable and seamless exchange of data and information

Section D: Systems and Processes Need to be Improved

Aside from the identified documents/processes having an average score of at least 3.0 and below 5.0 (averaged horizontally), several factors should be taken in determining the processes that should be improved to support the exchange of specific cross-border documents

Trade Volume / Top Markets		
No.	Questions	Elaboration on Status
N71	What do you think are the technically-ready BRAs for cross-border exchange?	
N72	What cross-border electronic documents are you considering for any pilot-project?	
Operational Enabling Platform and Cooperation Between Customs and BRAs		
N81	Does Customs and BRAs have an existing legal framework in providing seamless inter-agency exchange using the NSW enabling platform. The intent is to have a dynamic coordination and interoperable linkage between Customs and BRAs with respect to the issuance of permits, clearances, and other supporting documents, so that the same may be transmitted to the trading partner through a secure pipeline, if required.	

**Expected Action / Output: All completed questionnaires would be collated and analyzed by the user to determine the processes that are needed to be harmonized / improved in relation to the exchange of specific cross-border documents. Identify the specific cross-border documents that could be exchanged for the pilot project supported by desk research and the conduct of validation sessions with targeted respondents in confirming the exchange of specific documents for cross-border paperless trade.*

Section E: Costs and Benefits

Covers questions that guide the user in assessing the costs involved and the benefits that could be realized in improving/harmonizing the systems and processes necessary (that have been identified in section D) for cross-border paperless trade.

Targeted Respondent: **National Trade Facilitation Council – Governance, Legal, and Technical Areas**



Section E: Costs and Benefits

Costs Involved		
No.	Questions	Elaboration on Status
N101	Please indicate the estimated costs involved in the development of CBPT application portals in exchanging cross-border documents based on previous related project?	
N102	Please indicate the estimated costs involved in the implementation of CBPT in exchanging cross-border documents based on previous related project?	
N103	Please indicate the estimated costs involved in sustaining the CBPT program in exchanging cross-border documents?	
N104	What is your estimate of the percentage of cost savings you anticipate when the cross-border paperless trade is in place?	<input type="checkbox"/> wage _____ % of cost savings <input type="checkbox"/> materials _____ % of cost savings <input type="checkbox"/> transaction fee _____ % of cost savings <input type="checkbox"/> error _____ % of cost savings <input type="checkbox"/> dispatch _____ % of cost savings <input type="checkbox"/> Others: please indicate
Benefits that Could be Realized		
N111	Please indicate the cost savings per transaction that could be realized in digitized processing compared to manual processing	
N112	Please indicate the reduction in time to export / time to import that could be realized in digitized processing compared to manual processing	
N113	Which trade facilitation benefits (as a government agency) do you think would be realized once the cross-border paperless trade becomes operational?	<input type="checkbox"/> Reduction of processing time <input type="checkbox"/> Increase in control <input type="checkbox"/> Simplification of procedures to obtain permits and certificates <input type="checkbox"/> Transparent decision-making process <input type="checkbox"/> Others: please indicate



Green Customs Control Measures



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Introduction

Green Customs Initiative

- The Green Customs Initiative (GCI) was envisioned as a response to the observation that if resources are not properly pooled, the task of training customs and other border control officers to combat transboundary illegal trade is time-consuming and expensive.
- **Encourage Customs and border control agencies to continue their joint efforts to protect the environment by implementing important aspects of international agreements in the course of their daily work.**

Crucial role of Customs and PGAs

- This initiative seeks to provide customs and Partner Government Agencies (PGAs) with useful information and guidance about relevant legal instruments, thus facilitating legitimate trade in environmentally sensitive items while preventing illicit trade in such items.
- **The trade in environmentally sensitive items can take many forms, and it is crucial that customs and PGAs are able to identify commodities concerned and understand the implications of illegal or uncontrolled trade in them**

Objectives

- ✦ To help customs and PGA officers in ensuring implementation of national legislation, transposing the agreements under the Green Customs Initiative
- ✦ To promote national compliance with the Main Multilateral Environmental Agreements (MEAs) through digitalization with the support of the AEO program
- To provide an overview of the main international MEAs with trade- related provisions, with details on how they regulate trade, the roles and responsibilities of customs and other border authorities and the specialized terminology associated with MEAs
- To explore the practical aspects of implementing MEAs' monitoring requirements, including: the identification and checking of suspicious items; seizure and disposal; health and safety; other legal issues; and cooperation with other authorities

Main Environmental Agreements



Basel Convention
on the Control of
Transboundary
Movements of
Hazardous
Wastes and their
Disposal



Cartagena
Protocol on
Biosafety to the
Convention on
Biological
Diversity (CBD)



Convention on
International Trade
in Endangered
Species of Wild
Fauna and Flora
(CITES)



Rotterdam Convention
on the Prior Informed
Consent Procedure for
Certain Hazardous
Chemicals and
Pesticides in
International Trade

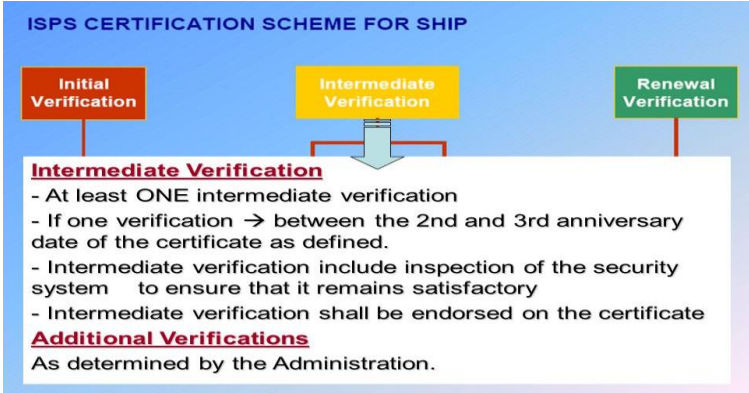


Stockholm
Convention
on Persistent
Organic
Pollutants

ISO 9001, 14001, 27000, 28000 and ISPS Certification



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Green Customs Strategic Activities



Border controls
to enforce rules for
environmentally
sensitive goods



**Sustainable
operations**
to reduce customs'
own environmental
footprint



Trade facilitation
to enable
sustainable cross-
border logistics



**Green lane for
green traders**
to encourage
sustainable
logistics

Border Controls

Environmental regulations can be violated, and it is the role of customs to ensure the compliance of legitimate trade and combat illegal trade at the border

To prevent the spread of pathogens, customs, under the direction of biosecurity departments, routinely inspect imported goods that may harbor these threats, including food, animal feed, plant materials, animal products, and livestock

Preserving biodiversity by combating the trade in endangered animal and plant species and products derived from them

Customs administrations are tasked with ensuring that chemicals, waste, second-hand goods, and other commodities comply with these trading restrictions

Responsibility of customs officers regarding environmentally sensitive goods involves enforcing trade policies that promote sustainable trade



Suggested Strategies for Border Controls

Harmonized System (HS) commodity codes for environmentally sensitive goods would aid customs in monitoring trade compliance with environmental regulations. Commodity codes are critical for accurate identification and differentiation of products

Techniques for the detection and identification of environmentally sensitive goods are key capability building areas for customs in environmental enforcement

Adopting digital product passports can support circular economy initiatives by enabling traceability of goods across their value chains and throughout their lifecycles

Strengthening of cooperation with government agencies and non-governmental organizations (NGOs) is needed to target international environmental crime more effectively

Upskilling customs officers in environmental crime would help customs administrations to have in-house expertise on environmentally sensitive goods.

Sustainable Operations

Customs administrations can also contribute to environmental sustainability by adopting more eco-friendly operational practices

For instance, **customs can invest in energy-efficient buildings and renewable energy** sources to power their facilities

Adopting digital solutions to replace paper-based processes can not only enhance efficiency but also conserve resources

By integrating waste reduction and recycling programs within their operations, customs administrations can further minimize their environmental impact



Suggested Strategies for Sustainable Operations

Use of renewable energy sources for power produces no greenhouse gas emissions from fossil fuels and reduces air pollution. Customs can decide to purchase electricity from renewable energy producers or install solar panels and windmills at their sites of operation

The purchase of electric, hybrid, or bio-fuel vehicles can significantly reduce the carbon emissions of a transportation fleet

Digitalization of customs procedures comes with many benefits. For customs, digitalization enables faster communication with traders and other government agencies, reduces manual labor and human-caused errors, and unlocks powerful data analytics capabilities

Eco-friendly disposal of seized goods presents a substantial opportunity for customs to contribute to environmental protection.

Trade Facilitation

Reducing red tape at the borders, removing unnecessary non-tariff barriers to international trade, and helping traders to optimize logistics for efficiency, speed, and predictability. The four widely recognized pillars of trade facilitation philosophy are transparency, simplification, harmonization and standardization

Advantage of trade facilitation is that it lowers the cost and complexity of legitimate trade, in this way fostering compliance and diminishing incentives for illegal trading in environmentally sensitive goods

When permit application, clearance, and customs inspection processes work smoothly, traders are more likely to choose the legal path — present their goods to customs and comply with regulations

Customs can specifically promote circular business models by streamlining the customs processes



Suggested Strategies for Trade Facilitation

Notifying traders about delays in customs processing helps companies to optimize border crossings for higher speed and reduced emissions. With an early notification, a truck driver may decide to use a less congested border crossing to minimize waiting time

Digitalization of documents and messages brings both trade facilitation and sustainability benefits for traders and border control agencies. Digital documents reduce needs for paper products and movement of physical document across the supply chain

Prioritization of emission-intensive and perishable cargo at border crossings can reduce the energy consumption of refrigerated and heated containers, which often carry food, livestock, and other special cargo

Harmonized customs controls across Central Asia can also lead to more streamlined and sustainable logistics. Ideally, companies should select transport routes based on distance, cost, time, and emissions, rather than the leniency of customs controls.

Green Lane for Green Traders

Customs authorities could leverage their unique position as the gatekeepers of international trade by granting preferential treatment to traders who demonstrate dedication to sustainability

This concept shares similarities with established customs-private partnership programs, such as the Authorized Economic Operator (AEO) initiatives, which provide customs simplifications to companies that demonstrate high levels of customs compliance and supply chain security

The potential benefits of such a ‘Green Lane for Green Traders’ program are considerable. We know that transportation of goods produces a great deal of global greenhouse gases and that private sector companies play the leading role in international logistics

Suggested Strategies for Green Traders

Use of low-emissions modes of transport — for instance rail, short-sea shipping and river barges — is an effective way to cut down consumption of fossil fuel per freight ton. Besides multi-modal logistics, shifting to electric or hybrid vehicles can further reduce emissions of transport operations

Commitment to circular economy can also be considered as a criterion for the ‘Green Lane for Green Traders’ status for companies. Embracing circular economy principles involves basing operations on the reuse and regeneration of raw materials and products

Emission-efficient logistics practices lay a solid basis for sustainable shipping and could be considered as one eligibility criterion for the ‘Green Lane for Green Trader’ status.



Thank you

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